

The Honorable Johnny Isakson
United States Senate
131 Russell Senate Office Building
Washington, DC 20510

November 28, 2017

Re: Tax Reform

Dear Senator Isakson,

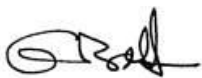
First, the Cobb Chamber would like to thank members of our Congressional Delegation for taking on the complex issue of tax reform. We believe a simpler, streamlined and straightforward tax structure will be to the benefit of businesses, our citizens and the overall economy to stimulate economic development growth.

As you know, the Cobb Chamber focuses on advancing a vibrant economy, representing 2,500+ member organizations where 85% are small businesses. After hearing from many Cobb companies, we have concerns with these provisions: Pass Through Entity Taxation, Advanced Refunding and Private Activity Bonds. We believe they have potential consequences, especially to small and mid-sized businesses, with a net tax increase for many businesses. Specifically:

- Advanced Refunding and Private Activity Bonds as those relate to municipal bond options would severely limit critical infrastructure expansion, such as needed healthcare facilities and higher education expansion.
- With the Pass Through Entity Taxation provisions, tax savings are significantly diminished for many pass-through businesses and this will have a negative impact on our economy, specifically small and mid-sized businesses.
 - Over the past 30 years, the pass-through business sector has expanded significantly. Now, over 90 percent of U.S. businesses are pass-through. These businesses earn the majority of all business income in the U.S. and employ over half of the private-sector workforce in 49 out of 50 states. *(Source: Tax Foundation)*
 - In Cobb, many of our 50,000+ businesses are classified as pass-through and would be adversely impacted including the tourism industry. Tourism is Cobb's no. 1 industry of \$2.8 billion economic impact and is expected to grow to \$4 billion economic impact by 2020. *(Source: Cobb Travel & Tourism)*
 - While the Senate and House versions appear to reduce tax for many small businesses with flow through income less than \$500,000, the current revisions of the plans would more than likely increase taxes on business with flow through income greater than \$500,000. These businesses are the ones creating jobs in our community and they would be hurt under the current plans. If the bill is not changed to allow small businesses to deduct state and local income taxes related to their flow through income, it will result in higher taxes for small business with flow through income typically over \$100,000. The negative impact is most significant on a personal service business. *(Source: Mauldin & Jenkins CPAs)*
 - An example is Arylessence, a fragrance manufacturing company headquartered in Cobb with 150+ employees and 30% job growth since 2012. With this new law, Arylessence will have a 2.5% tax increase and will lose Sect. 199 Domestic Manufacturing Deduction, SALT deductions, Meals and Entertainment, as well as IC-DISC repeal. This will limit their ability to continue growing and investing in our economy.

Again, we greatly appreciate the effort to bring a tax reform bill forward and ask that you ensure a bill is not passed that would negatively impact our small businesses. Thank you for your leadership and service to our great nation.

Sincerely,



Gary Bottoms
Board Chairman



Mark Mathews
Government Affairs Chair



David Connell
CEO



Sharon Mason
COO